

Republic of the Philippines
SUPREME COURT
Manila

SECOND DIVISION

G.R. No. 77425 June 19, 1991

THE ROMAN CATHOLIC ARCHBISHOP OF MANILA, THE ROMAN CATHOLIC BISHOP OF IMUS, and the SPOUSES FLORENCIO IGNAO and SOLEDAD C. IGNAO, petitioners,

vs.

HON. COURT OF APPEALS, THE ESTATE OF DECEASED SPOUSES EUSEBIO DE CASTRO and MARTINA RIETA, represented by MARINA RIETA GRANADOS and THERESA RIETA TOLENTINO, respondents.

G.R. No. 77450 June 19, 1991

THE ROMAN CATHOLIC ARCHBISHOP OF MANILA, THE ROMAN CATHOLIC BISHOP OF IMUS, and the SPOUSES FLORENCIO IGNAO and SOLEDAD C. IGNAO, petitioners,

vs.

HON. COURT OF APPEALS, THE ESTATE OF DECEASED SPOUSES EUSEBIO DE CASTRO and MARTINA RIETA, represented by MARINA RIETA GRANADOS and THERESA RIETA TOLENTINO, respondents.

Severino C. Dominguez for petitioner Roman Catholic Bishop of Imus, Cavite.

Dolorfino and Dominguez Law Offices for Sps. Ignao.

Joselito R. Enriquez for private respondents.

REGALADO, J.:

These two petitions for review on *certiorari*¹ seek to overturn the decision of the Court of Appeals in CA-G.R. CV No. 05456² which reversed and set aside the order of the Regional Trial Court of Imus, Cavite dismissing Civil Case No. 095-84, as well as the order of said respondent court denying petitioner's motions for the reconsideration of its aforesaid decision.

On November 29, 1984, private respondents as plaintiffs, filed a complaint for nullification of deed of donation, rescission of contract and reconveyance of real property with damages against petitioners Florencio and Soledad C. Ignao and the Roman Catholic Bishop of Imus, Cavite, together with the Roman Catholic Archbishop of Manila, before the Regional Trial Court, Branch XX, Imus, Cavite and which was docketed as Civil Case No. 095-84 therein.³

In their complaint, private respondents alleged that on August 23, 1930, the spouses Eusebio de Castro and Martina Rieta, now both deceased, executed a deed of donation in favor of therein defendant Roman Catholic Archbishop of Manila covering a parcel of land (Lot No. 626, Cadastral Survey of Kawit), located at Kawit, Cavite, containing an area of 964 square meters, more or less. The deed of donation allegedly provides that the donee shall not dispose or sell the property within a period of one hundred (100) years from the execution of the deed of donation, otherwise a violation of such condition would render *ipso facto* null and void the deed of donation and the property would revert to the estate of the donors.

It is further alleged that on or about June 30, 1980, and while still within the prohibitive period to dispose of the property, petitioner Roman Catholic Bishop of Imus, in whose administration all properties within the province of Cavite owned by the Archdiocese of Manila was allegedly transferred on April 26, 1962, executed a deed of absolute sale of the property subject of the donation in favor of petitioners Florencio and Soledad C. Ignao in consideration of the sum of P114,000. 00. As a consequence of the sale, Transfer Certificate of Title No. 115990 was issued by the Register of Deeds of Cavite on November 15, 1980 in the name of said petitioner spouses.

What transpired thereafter is narrated by respondent court in its assailed decision.⁴

On December 17, 1984, petitioners Florencio Ignao and Soledad C. Ignao filed a motion to dismiss based on the grounds that (1) herein private respondents, as plaintiffs therein, have no legal capacity to sue; and (2) the complaint states no cause of action.

On December 19, 1984, petitioner Roman Catholic Bishop of Imus also filed a motion to dismiss on three (3) grounds, the first two (2) grounds of which were identical to that of the motion to dismiss filed by the Ignao spouses, and the third ground being that the cause of action has prescribed.

On January 9, 1985, the Roman Catholic Archbishop of Manila likewise filed a motion to dismiss on the ground that he is not a real party in interest and, therefore, the complaint does not state a cause of action against him.

After private respondents had filed their oppositions to the said motions to dismiss and the petitioners had countered with their respective replies, with rejoinders thereto by private respondents, the trial court issued an order dated January 31, 1985, dismissing the complaint on the ground that the cause of action has prescribed.⁵

Private respondents thereafter appealed to the Court of Appeals raising the issues on (a) whether or not the action for rescission of contracts (deed of donation and deed of sale) has prescribed; and (b) whether or not the dismissal of the action for rescission of contracts (deed of donation and deed of sale) on the ground of prescription carries with it the dismissal of the main action for reconveyance of real property.⁶

On December 23, 1986, respondent Court of Appeals, holding that the action has not yet prescribed, rendered a decision in favor of private respondents, with the following dispositive portion:

WHEREFORE, the Order of January 31, 1985 dismissing appellants' complaint is SET ASIDE and Civil Case No. 095-84 is hereby ordered REINSTATED and REMANDED to the lower court for further proceedings. No Costs.⁷

Petitioners Ignao and the Roman Catholic Bishop of Imus then filed their separate motions for reconsideration which were denied by respondent Court of Appeals in its resolution dated February 6, 1987,⁸ hence, the filing of these appeals by *certiorari*.

It is the contention of petitioners that the cause of action of herein private respondents has already prescribed, invoking Article 764 of the Civil Code which provides that "(t)he donation shall be revoked at the instance of the donor, when the donee fails to comply with any of the conditions which the former imposed upon the latter," and that "(t)his action shall prescribe after four years from the non-compliance with the condition, may be transmitted to the heirs of the donor, and may be exercised against the donee's heirs.

We do not agree.

Although it is true that under Article 764 of the Civil Code an action for the revocation of a donation must be brought within four (4) years from the non-compliance of the conditions of the donation, the same is not applicable in the case at bar. The deed of donation involved herein expressly provides for automatic reversion of the property donated in case of violation of the condition therein, hence a judicial declaration revoking the same is not necessary. As aptly stated by the Court of Appeals:

By the very express provision in the deed of donation itself that the violation of the condition thereof would render *ipso facto null and void* the deed of donation, WE are of the opinion that there would be no legal necessity anymore to have the donation judicially declared null and void for the reason that the very deed of donation itself declares it so. For where (*sic*) it otherwise and that the donors and the donee contemplated a court action during the execution of the deed of donation to have the donation judicially rescinded or declared null and void should the condition be violated, then the phrase reading "*would render ipso facto null and void*" would not appear in the deed of donation.⁹

In support of its aforesaid position, respondent court relied on the rule that a judicial action for rescission of a contract is not necessary where the contract provides that it may be revoked and cancelled for violation of any of its terms and conditions.¹⁰ It called attention to the holding that there is nothing in the law that prohibits the parties from entering into an agreement that a violation of the terms of the contract would cause its cancellation even without court intervention, and that it is not always necessary for the injured party to resort to court for rescission of the contract.¹¹ It reiterated the doctrine that a judicial action is proper only when there is absence of a special provision granting the power of cancellation.¹²

It is true that the aforesaid rules were applied to the contracts involved therein, but we see no reason why the same should not apply to the donation in the present case. Article 732 of the Civil Code provides that donations *inter vivos* shall be governed by the general provisions on contracts and obligations in all that is not determined in Title III, Book III on donations. Now, said Title III does not have an explicit provision on the matter of a donation with a resolutive condition and which is subject to an express provision that the same shall be considered *ipso facto* revoked upon the breach of said resolutive condition imposed in the deed therefor, as is the case of the

deed presently in question. The suppletory application of the foregoing doctrinal rulings to the present controversy is consequently justified.

The validity of such a stipulation in the deed of donation providing for the automatic reversion of the donated property to the donor upon non-compliance of the condition was upheld in the recent case of *De Luna, et al. vs. Abrigo, et al.*¹³ It was held therein that said stipulation is in the nature of an agreement granting a party the right to rescind a contract unilaterally in case of breach, without need of going to court, and that, upon the happening of the resolutive condition or non-compliance with the conditions of the contract, the donation is automatically revoked without need of a judicial declaration to that effect. While what was the subject of that case was an onerous donation which, under Article 733 of the Civil Code is governed by the rules on contracts, since the donation in the case at bar is also subject to the same rules because of its provision on automatic revocation upon the violation of a resolutive condition, from parity of reasons said pronouncements in *De Luna* pertinently apply.

The rationale for the foregoing is that in contracts providing for automatic revocation, judicial intervention is necessary not for purposes of obtaining a judicial declaration rescinding a contract already deemed rescinded by virtue of an agreement providing for rescission even without judicial intervention, but in order to determine whether or not the rescission was proper.¹⁴

When a deed of donation, as in this case, expressly provides for automatic revocation and reversion of the property donated, the rules on contract and the general rules on prescription should apply, and not Article 764 of the Civil Code. Since Article 1306 of said Code authorizes the parties to a contract to establish such stipulations, clauses, terms and conditions not contrary to law, morals, good customs, public order or public policy, we are of the opinion that, at the very least, that stipulation of the parties providing for automatic revocation of the deed of donation, without prior judicial action for that purpose, is valid subject to the determination of the propriety of the rescission sought. Where such propriety is sustained, the decision of the court will be merely declaratory of the revocation, but it is not in itself the revocatory act.

On the foregoing ratiocinations, the Court of Appeals committed no error in holding that the cause of action of herein private respondents has not yet prescribed since an action to enforce a written contract prescribes in ten (10) years.¹⁵ It is our view that Article 764 was intended to provide a judicial remedy in case of non-fulfillment or contravention of conditions specified in the deed of donation if and when the parties have not agreed on the automatic revocation of such donation upon the occurrence of the contingency contemplated therein. That is not the situation in the case at bar.

Nonetheless, we find that although the action filed by private respondents may not be dismissed by reason of prescription, the same should be dismissed on the ground that private respondents have no cause of action against petitioners.

The cause of action of private respondents is based on the alleged breach by petitioners of the resolutive condition in the deed of donation that the property donated should not be sold within a period of one hundred (100) years from the date of execution of the deed of donation. Said condition, in our opinion, constitutes an undue restriction on the rights arising from ownership of petitioners and is, therefore, contrary to public policy.

Donation, as a mode of acquiring ownership, results in an effective transfer of title over the property from the donor to the donee. Once a donation is accepted, the donee becomes the absolute owner of the property donated. Although the donor may impose certain conditions in the deed of donation, the same must not be contrary to law, morals, good customs, public order and public policy. The condition imposed in the deed of donation in the case before us constitutes a patently unreasonable and undue restriction on the right of the donee to dispose of the property donated, which right is an indispensable attribute of ownership. Such a prohibition against alienation, in order to be valid, must not be perpetual or for an unreasonable period of time.

Certain provisions of the Civil Code illustrative of the aforesaid policy may be considered applicable by analogy. Under the third paragraph of Article 494, a donor or testator may prohibit partition for a period which shall not exceed twenty (20) years. Article 870, on its part, declares that the dispositions of the testator declaring all or part of the estate inalienable for more than twenty (20) years are void.

It is significant that the provisions therein regarding a testator also necessarily involve, in the main, the devolution of property by gratuitous title hence, as is generally the case of donations, being an act of liberality, the imposition of an unreasonable period of prohibition to alienate the property should be deemed anathema to the basic and actual intent of either the donor or testator. For that reason, the regulatory arm of the law is or must be interposed to prevent an unreasonable departure from the normative policy expressed in the aforesaid Articles 494 and 870 of the Code.

In the case at bar, we hold that the prohibition in the deed of donation against the alienation of the property for an entire century, being an unreasonable emasculation and denial of an integral attribute of ownership, should be declared as an illegal or impossible condition within the contemplation of Article 727 of the Civil Code.

Consequently, as specifically stated in said statutory provision, such condition shall be considered as not imposed. No reliance may accordingly be placed on said prohibitory paragraph in the deed of donation. The net result is that, absent said proscription, the deed of sale supposedly constitutive of the cause of action for the nullification of the deed of donation is not in truth violative of the latter hence, for lack of cause of action, the case for private respondents must fail.

It may be argued that the validity of such prohibitory provision in the deed of donation was not specifically put in issue in the pleadings of the parties. That may be true, but such oversight or inaction does not prevent this Court from passing upon and resolving the same.

It will readily be noted that the provision in the deed of donation against alienation of the land for one hundred (100) years was the very basis for the action to nullify the deed of donation. At the same time, it was likewise the controverted fundament of the motion to dismiss the case *a quo*, which motion was sustained by the trial court and set aside by respondent court, both on the issue of prescription. That ruling of respondent court interpreting said provision was assigned as an error in the present petition. While the issue of the validity of the same provision was not squarely raised, it is ineluctably related to petitioner's aforesaid assignment of error since both issues are grounded on and refer to the very same provision.

This Court is clothed with ample authority to review matters, even if they are not assigned as errors on appeal, if it finds that their consideration is necessary in arriving at a just decision of the case.¹⁶ Thus, we have held that an unassigned error closely related to an error properly assigned,¹⁷ or upon which the determination of the question properly assigned is dependent, will be considered by the appellate court notwithstanding the failure to assign it as error.¹⁸

Additionally, we have laid down the rule that the remand of the case to the lower court for further reception of evidence is not necessary where the Court is in a position to resolve the dispute based on the records before it. On many occasions, the Court, in the public interest and for the expeditious administration of justice, has resolved actions on the merits instead of remanding them to the trial court for further proceedings, such as where the ends of justice, would not be subserved by the remand of the case.¹⁹ The aforestated considerations obtain in and apply to the present case with respect to the matter of the validity of the resolutive condition in question.

WHEREFORE, the judgment of respondent court is SET ASIDE and another judgment is hereby rendered DISMISSING Civil Case No. 095-84 of the Regional Trial Court, Branch XX, Imus, Cavite.

SO ORDERED.

Melencio-Herrera and Paras, JJ., concur.

Padilla, J., took no part.

Sarmiento, J., is on leave.

Footnotes

¹ G.R. No. 77425 was filed by petitioner Roman Catholic Bishop of Imus, and G.R. No. 77450 by petitioners Florencio and Soledad C. Ignao.

² Penned by Justice Felipe B. Kalalo, with the concurrence of Justices Floreliana Castro-Bartolome and Esteban M. Lising.

³ Original Record, 1-9.

⁴ *Rollo*, G.R. No. 77425, 20.

⁵ Original Record, 71-74.

⁶ *Rollo*, G.R. No. 77425, 27-28.

⁷ *Ibid.*, *Id.*, 30.

⁸ *Ibid.*, *Id.*, 32.

⁹ *Ibid.*, *Id.*, 28.

¹⁰ *Lopez vs. Commissioner of Customs, et al.*, 37 SCRA 327 (1971).

¹¹ *Froilan vs. Pan Oriental Shipping Co., et al.*, 12 SCRA 276 (1964).

¹² De la Rama Steamship Co., Inc. vs. Tan, etc., et al., 99 Phil. 1034(1956).

¹³ 181 SCRA 150 (1990).

¹⁴ University of the Philippines vs. Angeles, etc., et al., 35 SCRA 102 (1970).

¹⁵ Art. 1144(1), Civil Code.

¹⁶ Insular Life Assurance Co., Ltd. Employees-NATU vs. Insular Life Assurance Co., Ltd., et al., 76 SCRA 50 (1977).

¹⁷ Philippine Commercial and International Bank vs. Court of Appeals, et al, 159 SCRA 24 (1988).

¹⁸ Soco vs. Militante, etc., et al., 123 SCRA 160 (1983); Ortigas, Jr. vs. Lufthansa German Airlines, 64 SCRA 610 (1975).

¹⁹ Escudero, et al. vs. Dulay, etc., et al., 158 SCRA 69 (1988); Lianga Bay Logging Co., Inc. vs. Court of Appeals, et al., 157 SCRA 357 (1988).